

EXHIBIT 1A

FREEDOM COURT REPORTING

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2 FOR THE MIDDLE DISTRICT OF ALABAMA	2 INDEX
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7 WATFORD, et al.,	7 PAGE
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9 vs.	9 document 18
10 JOSEPH BORG,	10 Exs. 13-A through 13-D - Answers
11 Defendant.	11 filed with the
12	12 Commission 22
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14 IT IS STIPULATED AND AGREED by and	14 envelope 27
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16 counsel, that the videotaped deposition of	16 Illinois 74
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2 AGREED that the signature to and the reading	2 Ex. 7 - 8/13/03 letter from
3 of the deposition by the witness is not	3 Ms. Anderson 114
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6 been had with all laws and rules of Court	6 SEC 116
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8 IT IS FURTHER STIPULATED AND	8 Mr. Chambless to
9 AGREED that it shall not be necessary for	9 Charles Schwab 141
10 any objections to be made by counsel to any	10 *****
11 questions except as to form or leading	11
12 questions, and that counsel for the parties	12
13 may make objections and assign grounds at	13
14 the time of the trial, or at the time said	14
15 deposition is offered in evidence, or prior	15
16 thereto.	16
17 IT IS FURTHER STIPULATED AND	17
18 AGREED that the notice of filing of the	18
19 deposition by the Commissioner is waived.	19
20	20
21 *****	21
22	22
23	23

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1 that any money came in for investment at
2 Wealth Builders International and it ended
3 up going into a checking account for
4 Networker2000, or any of its versions?

5 A. If it did, it would have been
6 something briefly to the point where it was
7 just to cash the person's check so we could
8 send a certified check to Wealth Builders.
9 And it never stayed there.

10 Q. Never used for operating
11 expenses at Networker2000?

12 A. Of course not. That belong to
13 Wealth Builders International.

14 Q. So, it is your testimony today
15 that you have -- until today, you have not
16 ever seen that second letter in Exhibit 9?

17 A. I don't recall seeing it.
18 With all this stuff going on, you can't say
19 nothing definitely.

20 Q. I'll show you Exhibit 10. Do
21 you recognize that, Mr. Harris?

22 A. Yes, I do.

23 Q. Does it bear your signature?

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1 A. It appears to be my signature.

2 Q. Can you say that is your
3 signature?

4 A. I can't say nothing for sure.

5 Q. Do you recall drafting that
6 letter?

7 A. No, I don't remember drafting
8 that letter.

9 Q. Do you recall sending it?

10 A. No, I don't recall sending
11 that letter.

12 Q. Do you know that you wrote
13 Charles Schwab and told them to -- and
14 authorized them to liquidate all stock and
15 option positions in the Wealth Builders
16 International account?

17 A. Did I call Charles Schwab and
18 tell them --

19 Q. No. Did you write them and
20 tell them to do what that letter says?

21 A. I did not write this letter.

22 Q. Did you sign this letter?

23 A. It appears to be my signature.

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1 Q. Who do you believe wrote it?

2 A. It could have been written by
3 -- written by anybody.

4 Q. Who gave it to you to sign?

5 A. I don't think nobody gave it
6 to me to sign.

7 Q. How do you believe your
8 signature came to be on this letter?

9 A. I don't know. Because when is
10 this letter was sent, I was out of town.

11 Q. You know that on April 15,
12 2003, you were out of town?

13 A. I think I was in Miami at that
14 time.

15 Q. All right. This doesn't say
16 where it was mailed from.

17 A. I wouldn't have access to a
18 computer or anything to type this on. I'm
19 not sure how this letter got my signature on
20 it. I just don't -- It's been a long time
21 ago.

22 Q. All right. Irrespective of
23 the letter bearing your signature, did you,

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1 Terry Harris, tell Charles Schwab --
2 authorize it to liquidate all stock and
3 option positions in the Wealth Builders
4 International account, at market price on
5 Thursday April 17, 2003?

6 A. No. Everything that was done
7 was authorized by the Alabama Securities
8 Commission.

9 Q. I'm not talking about
10 authorized. Was this something you did,
11 whether it was authorized by them or not?

12 A. I just told you I didn't write
13 that letter.

14 Q. And I just asked you did you
15 authorize it any other way, by a telephone
16 call or otherwise?

17 A. No, I didn't. I didn't
18 authorize nothing. And nothing was in my
19 control.

20 Q. And do you understand that
21 Charles Schwab did what this letter
22 requested?

23 A. I would assume they did. I

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1 don't know. They probably did. Or they may
2 not have. I don't know. What's -- I mean,
3 what part of the letter you talking about
4 that they did?

5 **Q. I'm talking about did they, on**
6 **Thursday, April 17, 2003, liquidate all**
7 **stock and option positions in the Wealth**
8 **Builders International account?**

9 A. I don't remember if they did
10 or not.

11 **Q. But you're saying today you**
12 **did not write this letter?**

13 A. No, I did not write this
14 letter.

15 **Q. And now you believe you did**
16 **not sign it?**

17 A. I don't know whether I signed
18 it or not. I don't think I could have
19 signed this letter if I was in Miami, and I
20 didn't write it. So I'm not sure how that
21 signature get on there.

22 **Q. So, Ms. Watford was also wrong**
23 **when she testified that you tried to send a**

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1 **version of this letter with a proviso on it:**
2 **I think this is going to cause losses?**

3 A. I don't know. Only thing I
4 can say, this letter was not written by me.
5 It appears to be my signature on it. And I
6 don't understand how it could have gotten on
7 this authorization if I was not in town on
8 the date that it was done.

9 **Q. What were you doing in Miami?**

10 A. Vacation.

11 **Q. Where did you stay down there?**

12 A. I don't even remember that.
13 It might have been -- I don't know.

14 **Q. In a hotel?**

15 A. It had to be a hotel.

16 **Q. Who was with you?**

17 A. By myself.

18 **Q. How long did you stay down**
19 **there?**

20 A. I'm not sure.

21 **Q. What makes you recall that you**
22 **were down there? You know, you have**
23 **difficult recalling stuff. And here we are**

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1 **more than three years since then, what makes**
2 **you recall that you were in Miami at this**
3 **time?**

4 A. I remember getting a call from
5 Dorothy Watford saying that the Alabama
6 Securities Commission is demanding some kind
7 of authorization because they're forcing us
8 to liquidate all the funds in the account.

9 **Q. And did you tell her to sign**
10 **your name?**

11 A. I don't remember what I did.
12 I don't know how that signature get there.
13 I don't know whether she signed it or not.

14 **Q. Well, now, you were the only**
15 **one who could authorize Charles Schwab to**
16 **liquidate all stock and option positions in**
17 **Wealth Builders International, weren't you?**

18 A. I don't agree with that
19 statement. Only Alabama Securities
20 Commission could authorize anything at that
21 time because they the one that ordered
22 everything to be stopped and frozen.

23 **Q. I'm asking about who had**

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1 **account authority over these accounts?**

2 A. I didn't have no authority.
3 If I had went to Charles Schwab and say: I
4 want this account liquidated across the
5 board, they wouldn't have done nothing I
6 said unless Alabama Security Commission had
7 told them to liquidate across the board.

8 So I had no authority at that
9 time. I had no authorization. All the
10 authorization came from the Alabama
11 Securities Commission.

12 **Q. Are you waiving Fifth**
13 **Amendment rights about whether you were the**
14 **person that authorized this? You made some**
15 **reference that you were claiming the Fifth**
16 **Amendment on about all of these Schwab**
17 **accounts.**

18 A. I'm saying I did not have
19 authorization. So I couldn't authorize it.

20 **Q. So, you couldn't have written**
21 **this letter, you're saying?**

22 A. I'm saying I didn't write this
23 letter. I could have. I could write it

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<p style="text-align: right;">Page 141</p> <p>1 right now.</p> <p>2 Q. No. Your lawyer wouldn't let</p> <p>3 you.</p> <p>4 A. If you give me a computer, I</p> <p>5 could write it right down.</p> <p>6 Q. All right. I don't believe</p> <p>7 you. Write that letter for me.</p> <p>8 MR. PENICK: He said with a</p> <p>9 computer.</p> <p>10 THE WITNESS: Get me a</p> <p>11 computer.</p> <p>12 (Defendant's Exhibit 11</p> <p>13 was marked for</p> <p>14 identification purposes.)</p> <p>15 Q. Exhibit 11 is a letter from</p> <p>16 Andrew Chambless, who you said was your</p> <p>17 lawyer at Berkowitz Lefkovits, to Charles</p> <p>18 Schwab. And it says: In accordance with</p> <p>19 the liquidation procedures detailed in the</p> <p>20 letter from the Alabama Securities</p> <p>21 Commission dated April 1, the liquidation</p> <p>22 plan, and pursuant to the letter of</p> <p>23 authorization from Terry Harris enclosed</p>	<p style="text-align: right;">Page 143</p> <p>1 from it.</p> <p>2 Q. Mr. Harris, that would have</p> <p>3 kept you trading in a pooled account, which</p> <p>4 was exactly what the Alabama Securities</p> <p>5 Commission said you were violating the law</p> <p>6 by doing; isn't that correct?</p> <p>7 A. What law did they say I</p> <p>8 violated?</p> <p>9 Q. The Alabama Securities Law?</p> <p>10 A. Which law?</p> <p>11 Q. The ones that -- One of the</p> <p>12 ones you pled guilty to.</p> <p>13 A. Acting as an investment</p> <p>14 advisor representative without a license?</p> <p>15 That was several exemptions there. That was</p> <p>16 no violation of no laws. Even Susan</p> <p>17 Anderson said it on the stand.</p> <p>18 Q. Mr. Harris, did you look over</p> <p>19 the complaint before you filed it -- this</p> <p>20 complaint in this case, Terry Harris and</p> <p>21 Dorothy Watford versus Joseph Borg? Did you</p> <p>22 read it?</p> <p>23 A. I probably just signed it.</p>
<p style="text-align: right;">Page 142</p> <p>1 herewith. Now, did you understand that your</p> <p>2 lawyers sent a letter of authorization from</p> <p>3 you to Charles Schwab?</p> <p>4 A. I don't know what they did.</p> <p>5 Q. Do you understand that this</p> <p>6 letter you just said you did not write was</p> <p>7 enclosed in a letter from your attorney to</p> <p>8 Charles Schwab?</p> <p>9 A. Like I say, I don't know what</p> <p>10 they did.</p> <p>11 Q. All I know, is that if</p> <p>12 something weren't done, the Alabama Security</p> <p>13 Commission would have planned on doing full</p> <p>14 prosecution -- criminal prosecution, and</p> <p>15 completely shutting down Networker2000, and</p> <p>16 sending Terry Harris to jail.</p> <p>17 Now, if I had authorization, I</p> <p>18 wouldn't be liquidating nothing across the</p> <p>19 board. I would have been, you know, just</p> <p>20 every day managing that account to the point</p> <p>21 where, you know, if something need to be</p> <p>22 liquidated, I would sell it, but if</p> <p>23 something was going up, just reap the profit</p>	<p style="text-align: right;">Page 144</p> <p>1 Q. You signed it without an</p> <p>2 attorney. Were you acting as your own</p> <p>3 attorney on this?</p> <p>4 A. I must have, if I signed it</p> <p>5 without an attorney.</p> <p>6 Q. Well, were you -- Who prepared</p> <p>7 it for you?</p> <p>8 A. I believe it was Henry Penick.</p> <p>9 Q. Were you representing</p> <p>10 Ms. Watford in signing this thing?</p> <p>11 A. I can't represent nobody. I'm</p> <p>12 not an attorney.</p> <p>13 Q. This begins -- This complaint</p> <p>14 begins: This is a suit for race</p> <p>15 discrimination. And I want you to do your</p> <p>16 best, today, to tell me -- Well, first, I</p> <p>17 want you to tell me of any white person who</p> <p>18 did what you did, but who was not</p> <p>19 prosecuted.</p> <p>20 A. There are several white people</p> <p>21 that own legitimate companies in the state</p> <p>22 of Alabama, that's not involved in</p> <p>23 securities, that haven't been prosecuted on</p>

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1 REPORTER'S CERTIFICATE
2 STATE OF ALABAMA,
3 ELMORE COUNTY,
4 I, Angela Smith, Registered
5 Professional Reporter and Commissioner for
6 the State of Alabama at Large, do hereby
7 certify that the above and foregoing
8 proceeding was taken down by me by
9 stenographic means, and that the content
10 herein was produced in transcript form by
11 computer aid under my supervision, and
12 that the foregoing represents, to the best
13 of my ability, a true and correct
14 transcript of the proceedings occurring on
15 said date and at said time.

16 I further certify that I am neither
17 of kin nor of counsel to the parties to the
18 action; nor in any manner interested in the
19 result of said case.
20
21

22 Angela Smith, RPR, CRR,
23 for the State of
Alabama at Large.

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